

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA	)	No. _____
	)	Violations: Title 18, United States
v.	)	Code, Sections 1343, 1956 (a) and (h),
	)	1957 and 2
FRANK L. PEITZ,	)	
DANIEL B. BENSON,	)	
PETER A. LOUTOS, SR.,	)	
ROBERT D. PALADINO,	)	
RANDALL W. LAW, and	)	
MONICA M. ILES	)	

**INDICTMENT**

**COUNT ONE**

The SPECIAL JULY 2000-2 GRAND JURY charges:

1. At times material to this indictment:

a. FLP Capital Group, Inc. ("FLP Capital"), a New York corporation, was controlled by defendant FRANK PEITZ and held itself out as being in the investment business, specifically the international trading of bank financial instruments. FLP Capital, through defendants FRANK PEITZ, DANIEL BENSON, ROBERT PALADINO and others, purported to offer and sell investments with promised returns of as much as 100% without risking the loss of the funds invested.

b. Active International, Inc. ("Active International") was incorporated in 1994 in the Bahamas and had offices in New York, Chicago, Illinois and Elk Grove Village, Illinois. Active International, through defendants, FRANK PEITZ, DANIEL BENSON, ROBERT PALADINO, PETER LOUTOS and others, held itself out as an international trader of senior bank

debenture instruments capable of making more than 200% returns without risking the loss of the funds invested.

c. Lennox Investment Group, Ltd. (“Lennox”) was incorporated under the laws of Arizona in 1996. Defendant RANDALL LAW was president and secretary, as well as the sole director and incorporator of Lennox, which was located in Mesa, Arizona. Lennox, through defendants RANDALL LAW and MONICA ILES and others, purported to offer and sell to the public investments in a “Small Investment High-Yield Program” for which Active International was the trader.

2. Beginning no later than in or about October 1994 and continuing to at least in or about January 1998, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK L. PEITZ,  
DANIEL B. BENSON,  
PETER A. LOUTOS, SR.,  
ROBERT D. PALADINO,  
RANDALL W. LAW, and  
MONICA M. ILES,

defendants herein, and others known and unknown to the grand jury, devised, intended to devise, and participated in a scheme and artifice to defraud, and to obtain and retain money and property of prospective investors and investors by means of materially false and fraudulent pretenses, representations, promises and omissions.

3. It was part of the scheme that defendants FRANK PEITZ, DANIEL BENSON, PETER LOUTOS, ROBERT PALADINO, RANDALL LAW, MONICA ILES and others, through FLP Capital, Active International and Lennox, sought to and did obtain and retain funds from prospective investors and investors by offering and selling investments purportedly in the

international trading of bank financial instruments. In offering and selling these investments, the defendants made and caused to be made material misrepresentations and omissions about, among other things: the risk involved in the investment; the expected return on the investment; the use of money raised from investors; and the previous investment experience and the criminal and regulatory background of those offering and selling the investment. As a part of the scheme, the defendants raised over \$11,000,000 from at least 30 investors and then misappropriated almost all of the funds for their own benefit. In order to retain the use of investors' funds and obtain additional funds from new investors and to conceal various parts of the scheme from victim investors and others, defendants continued to lull investors through a series of misrepresentations and omissions about the nature and status of their investments as well as by repaying earlier, disgruntled investors with funds from new investors.

**FLP Capital: International Trading of Bank Financial Instruments**

4. It was further part of the scheme that, beginning in or about October 1994, defendants FRANK PEITZ, DANIEL BENSON, and ROBERT PALADINO, through FLP Capital, offered and sold and caused to be offered and sold over \$300,000 in investments in the purported international trading of bank financial instruments. In so doing, these defendants made and caused to be made material misstatements and omissions to prospective investors including, among others:

a. That investors' funds would be held in escrow. Prospective investors were told their funds would be held in escrow, at least until an equal amount of collateral was obtained for the benefit of the investor. The defendants did not obtain any collateral, but nonetheless, misappropriated substantial portions of the investors' funds for their own benefit;

b. Investors' principal was guaranteed. Prospective investors were told that the money they invested was guaranteed against loss. However, defendants FRANK PEITZ, DANIEL BENSON, and ROBERT PALADINO misappropriated a substantial portion of the investors' funds and did not have the financial ability to make good on the guarantee; and,

c. Investors would receive returns of as much as 100% or the multi-million dollar loan funds they sought in a short period of time. Defendants FRANK PEITZ, DANIEL BENSON, and ROBERT PALADINO misappropriated investors' funds rather than using them for trading purposes. As a result, there were no trading profits out of which to pay returns or fund loans. Any funds FLP Capital investors eventually received originated from funds the defendants misappropriated from later investors.

5. It was further part of the scheme that, in order to lull FLP Capital investors and to prevent them from complaining to authorities, defendants FRANK PEITZ, DANIEL BENSON, PETER LOUTOS and ROBERT PALADINO took various steps including, among others:

- a. misrepresenting the status of the investment;
- b. misappropriating funds from new investors to repay earlier, disgruntled investors;
- c. preventing and attempting to prevent witnesses from cooperating with investigating agents; and
- d. forging a letter from the Bank of Taiwan.

**Active International and Lennox Investment Group: Small Investment High Yield Program**

6. It was further part of the scheme that, in or about May 1996, defendants FRANK PEITZ, DANIEL BENSON, PETER LOUTOS and ROBERT PALADINO, through Active

International, joined with defendants RANDALL LAW, MONICA ILES and others, through Lennox, to obtain and retain approximately \$11.1 million in funds from prospective investors and investors in the “Small Investment High-Yield Program.” In so doing, the defendants made and caused to be made material misstatements and omissions directly and through a network of salesmen to prospective investors in the offer and sale of investments in the “Small Investment High-Yield Program” including, among others:

a. That investors’ funds would be held in escrow. Prospective investors were told their funds would be held in escrow until a bank guarantee of equal or greater value was exchanged for their funds. Prospective investors were directed to deposit their funds in the “Lennox Investment Group, Ltd. Escrow Account.” Defendants FRANK PEITZ, DANIEL BENSON, PETER LOUTOS and ROBERT PALADINO controlled the account and, together with defendants RANDALL LAW and MONICA ILES misappropriated for their own benefit almost all of the investors’ funds;

b. That the safety of the investors’ principal was guaranteed. Prospective investors were told their funds would be escrowed for their benefit until a bank guarantee for at least the value of their investment was obtained for their benefit. Defendants FRANK PEITZ, DANIEL BENSON, PETER LOUTOS, ROBERT PALADINO, RANDALL LAW and MONICA ILES misappropriated investors’ funds and never obtained a bank guarantee for the benefit of investors;

c. That investors’ funds were to be used for the sole purpose of initiating a trading program for the buying and re-selling of so-called senior bank debenture instruments through Active International. No investors’ funds were used for trading purposes. Rather defendants FRANK PEITZ, DANIEL BENSON, PETER LOUTOS, ROBERT PALADINO, RANDALL LAW

and MONICA ILES misappropriated investors' funds, even using some of the funds to pay investor-victims;

d. That investors would receive returns of 122.5% per week up to forty times during the fifty-four week duration of their investment contract. Defendants FRANK PEITZ, DANIEL BENSON, PETER LOUTOS, ROBERT PALADINO, RANDALL LAW and MONICA ILES misappropriated substantially all of the investors' funds for purposes other than the trading of senior bank debentures instruments, making any return on the investment impossible. Moreover, neither Active International nor defendant FRANK PEITZ, the purported trader for the "Small Investment High-Yield Program" ever made such trading profits. In fact, defendants FRANK PEITZ, DANIEL BENSON, PETER LOUTOS and ROBERT PALADINO all knew that investors in their earlier investment offering made through FLP Capital had lost their entire investments, until the defendants paid them using misappropriated investors' funds from the "Small Investment High-Yield Program." Finally, the riskless, high yield trading of senior bank debenture instruments as represented by the defendants does not exist; and,

e. That the trading of senior bank debenture investments in the "Small Investment High Yield Program" was regulated and approved by government-related entities such as the Federal Reserve and the International Monetary Fund. Neither the Federal Reserve, the International Money Fund nor any other financial regulator approved or otherwise authorized this trading.

7. It was further part of the scheme that defendant MONICA ILES made and caused to be made through the same network of salesmen additional material misstatements and omissions to prospective investors and investors in the "Small Investment High Yield Program" concerning:

a. That defendant MONICA ILES had successfully participated in similar riskless, high yield investments involving the trading of senior bank debenture instruments. In fact, defendant MONICA ILES knew she had not successfully engaged in any such trading; and

b. That defendant MONICA ILES was an expert in financial transactions. Although defendant MONICA ILES had previous experience in the investment business, she intentionally failed to disclose to prospective investors and investors the material facts that she had been banned from being registered in the securities business by the United States Securities and Exchange Commission for engaging in investment fraud and had been criminally convicted of tax fraud.

8. It was further part of the scheme that, on or about June 7, 1996, defendants DANIEL BENSON, PETER LOUTOS and ROBERT PALADINO opened the “Lennox Investment Group, Ltd. Escrow Account” at the First of America Bank in Park Ridge, Illinois. This was the account to which the defendants caused prospective investors and investors in the “Small Investment High-Yield Program” to deposit their funds. In opening the account, defendant DANIEL BENSON falsely represented that he was the sole owner of Lennox and that Lennox’s place of business was in Elk Grove Village, Illinois.

9. It was further part of the scheme that in less than a day after investors began depositing their funds into the “Lennox Investment Group, Ltd. Escrow Account” on June 19, 1996, defendants FRANK PEITZ and DANIEL BENSON, followed soon after by defendants PETER LOUTOS and ROBERT PALADINO, began misappropriating investors’ funds. For instance, on or about June 20, 1996, FRANK PEITZ and DANIEL BENSON caused about \$83,500 in withdrawals of the funds, including \$50,000 to repay an earlier FLP Capital investor in another failed

investment and \$15,000 to defendant FRANK PEITZ'S mother. On or about June 27, 1996, defendants FRANK PEITZ, DANIEL BENSON and ROBERT PALADINO misappropriated another \$433,100 of investors' funds to buy three Mercedes Benz automobiles and one BMW automobile. By no later than on or about August 20, 1996, defendants RANDALL LAW and MONICA ILES benefitted directly from the misappropriation of investors' funds through the receipt of \$250,000 which originated from investors' funds in the "Small Investment High-Yield Program." Although the defendants were telling investors that the "Small Investment High-Yield Program" was a risk-free way to obtain guaranteed returns of 122.5% per week, none of the defendants invested any of their own money in the program.

10. It was further part of the scheme that, beginning in or about June 1996, defendants FRANK PEITZ, DANIEL BENSON, PETER LOUTOS, ROBERT PALADINO, RANDALL LAW and MONICA ILES, in order to obtain and retain investors' funds and to avoid detection, misrepresented and caused to be misrepresented to prospective investors and investors that investors' funds were deposited in an escrow account and that the funds remained in the account.

11. It was further part of the scheme that defendants FRANK PEITZ, DANIEL BENSON, PETER LOUTOS, ROBERT PALADINO, RANDALL LAW and MONICA ILES, in order to conceal the misappropriation of investors' funds and the source of the funds, moved and caused the movement of investors' funds to, among other things: corporate accounts they controlled; to individuals they knew; to overseas locations; and, to an attorney trust account controlled by defendant PETER LOUTOS. For instance, approximately \$1,100,000 of funds originating from investors were deposited into defendant PETER LOUTOS' attorney trust account. Defendant PETER LOUTOS then used these funds to, among other things: purchase a town home for



defendant DANIEL BENSON; settle lawsuits on behalf of defendant ROBERT PALADINO; settle lawsuits on behalf of defendant FRANK PEITZ and one of his secretaries; repay an earlier FLP Capital investor; make a loan to PETER LOUTOS' nephew; make a loan to himself; and, retain the remaining approximately \$200,000 for himself. As another example, defendants RANDALL LAW and MONICA ILES received funds misappropriated from investors in the "Small Investment High-Yield Program" only after the funds first had been deposited into a corporate account controlled by defendants DANIEL BENSON and ROBERT PALADINO and then transferred to a corporate account controlled by defendant RANDALL LAW which was unrelated to Lennox.

12. It was further part of the scheme that defendants FRANK PEITZ, DANIEL BENSON, PETER LOUTOS, ROBERT PALADINO, RANDALL LAW and MONICA ILES, in order to retain investors' funds and avoid detection, attempted to and did conceal, misrepresent and hide the existence, purposes and acts done in furtherance of the scheme to defraud by, among other things:

- a. falsely representing and causing to be falsely represented the status and location of investors' funds;
- b. falsely representing and causing to be falsely represented that returns would be received in a specified period of time;
- c. falsely representing and causing to be falsely represented that trades had taken place or would take place shortly;
- d. falsely representing and causing to be falsely represented that collateral had been obtained to insure investors' funds;
- e. causing the transfer of the proceeds of the scheme through banks, companies and individuals in the United States and elsewhere; and

f. causing and attempting to cause witnesses to refuse to cooperate with investigating agents.

13. It was further part of the scheme that, in or about late 1997, defendant RANDALL LAW, in order to conceal the scheme, repaid certain disgruntled investors in the “Small Investors High-Yield Program” with funds that he misappropriated from newer investors in a similar investment scheme.

14. It was further part of the scheme to defraud that defendants used and caused the use of the mails and of interstate travel, faxes, telephone calls and other wire transmissions in furtherance of the scheme to defraud.

15. On or about October 10, 1996, at Park Ridge, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK L. PEITZ  
DANIEL B. BENSON,  
PETER A. LOUTOS, SR.,  
ROBERT D. PALADINO,  
RANDALL W. LAW, and  
MONICA M. ILES,

defendants herein, and others, for the purpose of executing the above-described scheme to defraud, knowingly caused to be transmitted in interstate commerce from Phoenix, Arizona to Park Ridge, Illinois, by means of wire and radio communication, certain signs, signals and sounds, namely: a wire transfer of an investor’s funds in the amount of \$100,000 from Bank One to the “Lennox Investment Group, Ltd. Escrow Account” at First of America Bank;

In violation of Title 18, United States Code, Sections 1343 and 2.

## **COUNT TWO**

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates paragraphs 1 through 14 of Count One as though fully set out herein.
2. On or about October 10, 1996, at Park Ridge, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK L. PEITZ,  
DANIEL B. BENSON,  
PETER A. LOUTOS,  
ROBERT D. PALADINO,  
RANDALL W. LAW, and  
MONICA M. ILES,

defendants herein, and others, for the purpose of executing the above-described scheme to defraud, knowingly caused to be transmitted in interstate commerce from Irvine, California to Park Ridge, Illinois, by means of wire and radio communication, certain signs, signals and sounds, namely: a wire transfer of an investor's funds in the amount of \$525,000 from the Bank of America to the "Lennox Investment Group, Ltd. Escrow Account" at First of America Bank;

In violation of Title 18, United States Code, Sections 1343 and 2.

### **COUNT THREE**

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates paragraphs 1 through 14 of Count One as though fully set out herein.

2. On or about October 15, 1996, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK L. PEITZ,  
DANIEL B. BENSON,  
PETER A. LOUTOS SR.  
ROBERT D. PALADINO,  
RANDALL W. LAW, and  
MONICA M. ILES,

defendants herein, and others, for the purpose of executing the above-described scheme to defraud, knowingly caused to be transmitted in interstate and foreign commerce from St. Johns, United States Virgin Islands to Park Ridge, Illinois, by means of wire and radio communication, certain signs, signals and sounds, namely: a wire transfer of an investor's funds in the amount of \$120,000 from the American International Bank Ltd. to the "Lennox Investment Group, Ltd. Escrow Account" at First of America Bank;

In violation of Title 18, United States Code, Sections 1343 and 2.

#### **COUNT FOUR**

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates paragraphs 1 through 14 of Count One as though fully set out herein.

2. On or about October 15, 1996, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK L. PEITZ,  
DANIEL B. BENSON,  
PETER A. LOUTOS, SR.  
ROBERT D. PALADINO,  
RANDALL W. LAW, and  
MONICA M. ILES,

defendants herein, and others, for the purpose of executing the above-described scheme to defraud, knowingly caused to be transmitted in interstate and foreign commerce from St. Johns, United States Virgin Islands to Park Ridge, Illinois, by means of wire and radio communication, certain signs, signals and sounds, namely: a wire transfer of an investor's funds in the amount of \$180,000 from the American International Bank, Ltd. to the "Lennox Investment Group, Ltd. Escrow Account" at First of America Bank;

In violation of Title 18, United States Code, Sections 1343 and 2.

### **COUNT FIVE**

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates paragraphs 1 through 14 of Count One as though fully set out herein.
2. On or about October 23, 1996, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK L. PEITZ,  
DANIEL B. BENSON,  
PETER A. LOUTOS SR.  
ROBERT D. PALADINO,  
RANDALL W. LAW, and  
MONICA M. ILES,

defendants herein, and others, for the purpose of executing the above-described scheme to defraud, knowingly caused to be transmitted in interstate commerce from Elk Grove Village, Illinois to Mesa, Arizona, by means of wire and radio communication, certain signs, signals and sounds, namely: a facsimile transmission of a wire transfer confirmation from First of America Bank, which confirmed receipt of \$130,000 of an investor's funds from the Fifth Third Bank of Cincinnati into the "Lennox Investment Group, Ltd. Escrow Account" at First of America Bank;

In violation of Title 18, United States Code, Sections 1343 and 2.

**COUNT SIX**

\_\_\_\_\_The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates paragraphs 1 through 14 of Count One as though fully set out herein.

2. On or about October 23, 1996, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK L. PEITZ  
DANIEL B. BENSON,  
PETER A. LOUOTOS, SR.  
ROBERT D. PALADINO,  
RANDALL W. LAW, and  
MONICA M. ILES,

defendants herein, and others, for the purpose of executing the above-described scheme to defraud, knowingly caused to be transmitted in interstate commerce from Elk Grove Village, Illinois to Mesa, Arizona, by means of wire and radio communication, certain signs, signals and sounds, namely: a facsimile transmission of a confirmation from First of America Bank, which confirmed the receipt and deposit of an investor's check for \$300,000 into the "Lennox Investment Group Ltd. Escrow Account" at the First of America Bank on October 15, 1996;

In violation of Title 18, United States Code, Sections 1343 and 2.

**COUNT SEVEN**

\_\_\_\_\_The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates paragraphs 1 through 14 of Count One as though fully set out herein.

2. On or about April 30, 1997, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK L. PEITZ  
DANIEL B. BENSON  
PETER A. LOUOTOS SR.  
ROBERT D. PALADINO  
RANDALL W. LAW, and  
MONICA M. ILES,

defendants herein, and others, for the purpose of executing the above-described scheme to defraud and attempting to

do so, knowingly caused to be transmitted in interstate commerce from Park Ridge, Illinois to New York, New York, by means of wire and radio communication, certain signs, signals and sounds, namely: a wire transfer of \$200,000 of funds originating from investors in the “Small Investment High-Yield Program” from the PBF Capital Firststar Bank to the Chase Manhattan Bank;

In violation of Title 18, United States Code, Sections 1343 and 2.



### **COUNT EIGHT**

\_\_\_\_\_The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates paragraphs 1 through 14 of Count One as though fully set out herein.

2. On or about May 22, 1997, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK L. PEITZ  
DANIEL B. BENSON,  
PETER A. LOUOTOS, SR.  
ROBERT D. PALADINO,  
RANDALL W. LAW, and  
MONICA M. ILES,

defendants herein, and others, for the purpose of executing the above-described scheme to defraud, knowingly caused to be transmitted in interstate and foreign commerce from Chicago, Illinois to Mexico City, Mexico, by means of wire and radio communication, certain signs, signals and sounds, namely: a wire transfer of funds originating from investors in the “Small Investment High-Yield Program” in the amount of approximately \$25,000 from a PBF Capital Firststar Bank account to Bancomer;

In violation of Title 18, United States Code, Sections 1343 and 2.

**COUNT NINE**

\_\_\_\_\_The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates paragraphs 1 through 14 of Count One as though fully set out herein.

2. Beginning no later than in or about October 1994, and continuing to at least in or about June 1998, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK L. PEITZ  
DANIEL B. BENSON,  
PETER A. LOUTOS, SR., and  
ROBERT D. PALADINO,

defendants herein, and others, did conspire and agree with each other and with persons known and unknown to the Grand Jury, to knowingly: (1) conduct and attempt to conduct financial transactions affecting interstate commerce, which transactions involved the proceeds of specified unlawful activity, namely the use of wire communications in interstate and foreign commerce for the purpose of executing a scheme to defraud involving the offer and sale of investments, in violation of Title 18, United States Code, Section 1343, with the intent to promote the carrying on of specified unlawful activity; and, knowing that the transactions were designed in whole or in part to conceal and disguise the nature, the location, the source and the ownership of the proceeds of the specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a); and, (2) engage and attempt to engage in monetary transactions in criminally derived property that is of a value greater than \$10,000 and which was derived from specified unlawful activity, namely the proceeds of the above-described wire fraud scheme, in violation of Title 18, United States Code, Section 1957(a).

3. It was part of the conspiracy that defendants DANIEL BENSON, PETER LOUTOS and ROBERT PALADINO opened the “Lennox Investment Group, Ltd. Escrow Account” at the First of America Bank for the purpose of receiving deposits of investors’ funds for investment in the so-called “Small Investment High Yield Program.”

4. It was further part of the conspiracy that defendants FRANK PEITZ, DANIEL BENSON, PETER LOUTOS and ROBERT PALADINO misappropriated the investors’ funds deposited into the “Lennox Investment Group, Ltd. Escrow Account.”

5. It was further part of the conspiracy that defendants FRANK PEITZ, DANIEL BENSON, PETER LOUTOS and ROBERT PALADINO, in order to conceal the source of funds and hide their misappropriations, caused numerous transfers and other financial transactions involving the misappropriated funds. These transfers and other financial transactions were: to other corporate accounts which the defendants controlled, such as accounts in the name of PBF Capital Group, Inc. (“PBF”), Benson Financial, Inc. (“Benson Financial”), People’s Residential Mortgage, Inc. (“People’s Residential Mortgage”) and Benson Enterprises, Inc. (“Benson Enterprises”); to other individuals cooperating with the defendants; to overseas locations; and to an attorney trust account controlled by defendant PETER LOUTOS.

6. It was further part of the conspiracy that defendants FRANK PEITZ, DANIEL BENSON, PETER LOUTOS and ROBERT PALADINO engaged in financial transactions with the misappropriated funds to promote their scheme to defraud investors by, among other things, repaying disgruntled investors from an earlier investment, thereby attempting to lull those investors and prevent them from disrupting the scheme by complaining to law enforcement.

7. It was further part of the conspiracy that defendants FRANK PEITZ, DANIEL BENSON, PETER LOUTOS and ROBERT PALADINO benefitted from or retained control of the misappropriated funds through numerous financial transactions, many of which involved more than \$10,000.

8. It was further part of the conspiracy that:

a. On or about June 27, 1996, defendants FRANK PEITZ, DANIEL BENSON and ROBERT PALADINO caused to be transferred approximately \$433,100 in investors' funds from the "Lennox Investment Group, Ltd. Escrow Account" at First of America Bank to the Motor Werks of Barrington, for the purchase of four luxury automobiles;

b. On or about July 6, 1996, defendant PETER LOUTOS caused to be transferred approximately \$60,000 in funds originating from investors in the "Small Investment High-Yield Program" to an earlier FLP Capital investor from defendant PETER LOUTOS' attorney trust account at First of America Bank;

c. On or about July 9, 1996, defendant PETER LOUTOS caused to be transferred approximately \$8,000 in funds originating from investors in the "Small Investment High-Yield Program" to a creditor of defendant ROBERT PALADINO from defendant PETER LOUTOS' attorney trust account at First of America Bank;

d. On or about July 18, 1996, defendant PETER LOUTOS caused to be transferred approximately \$4,025 in funds originating from investors in the "Small Investment High-Yield Program" from defendant PETER LOUTOS' attorney trust account at First of America Bank to settle a lawsuit against defendant ROBERT PALADINO;

e. On or about July 25, 1996, defendants FRANK PEITZ and PETER LOUTOS caused to be transferred approximately \$250,000 in investors' funds from the "Lennox Investment Group, Ltd. Escrow Account" to C. Hoare & Co. in London, England;

f. On or about July 25, 1996, defendant PETER LOUTOS caused to be transferred approximately \$30,000 in funds originating from investors in the "Small Investment High-Yield Program" from defendant PETER LOUTOS' attorney trust account at First of America Bank to settle a lawsuit against defendant FRANK PEITZ;

g. On or about July 31, 1996, defendant PETER LOUTOS caused to be transferred approximately \$152,152.88 in funds originated from investors in the "Small Investment High-Yield Program" from defendant PETER LOUTOS' attorney trust account at First of America Bank for the purchase of a residence for defendant DANIEL BENSON in Elk Grove Village;

h. On or about August 8, 1996, defendant FRANK PEITZ caused to be transferred approximately \$5,000 in funds originating from investors in the "Small Investment High-Yield Program" from the Chase Manhattan Bank to the account of a third party at the LaSalle-Talman Bank;

i. On or about August 8, 1996, defendant FRANK PEITZ caused to be transferred approximately \$100,000 in funds originating from investors in the "Small Investment High-Yield Program" from the Chase Manhattan Bank to an account at First National Bank of Morton Grove of an earlier FLP Capital investor;

j. On or about August 20, 1996, defendants FRANK PEITZ and DANIEL BENSON caused to be transferred \$250,000 in funds originating from investors in the "Small

Investment High-Yield Program” from the PBF First of America Bank account to the Petrel Capital Group account at Bank One in Mesa, Arizona;

k. On or about September 16, 1996, defendants DANIEL BENSON and PETER LOUTOS caused to be transferred by check approximately \$95,000 in funds originating from investors in the “Small Investment High-Yield Program” from the Benson Financial Firststar Bank account to defendant PETER LOUTOS’ attorney trust account;

l. On or about September 17, 1996, defendant DANIEL BENSON caused to be transferred by check approximately \$320,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to Benson Financial;

m. On or about October 1, 1996, defendant DANIEL BENSON caused to be transferred by check approximately \$10,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to Benson Enterprises;

n. On or about October 1, 1996, defendant ROBERT PALADINO caused to be transferred by check approximately \$70,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to People’s Residential Mortgage;

o. On or about October 2, 1996, defendant DANIEL BENSON caused to be transferred approximately \$25,000 of investors’ funds from the “Lennox Investment Group, Ltd. Escrow Account” at First of America Bank to the Benson Financial account at Barnett Bank in Winter Park, Florida;

p. On or about October 2, 1996, defendant DANIEL BENSON caused to be transferred by check approximately \$10,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to a female associate;

q. On or about October 10, 1996, defendants DANIEL BENSON and PETER LOUTOS caused to be transferred by check approximately \$50,000 in funds originating from investors in the “Small Investment High-Yield Program” from the Benson Financial Firststar Bank account to defendant PETER LOUTOS’ attorney trust account;

r. On or about October 16, 1996, defendant DANIEL BENSON caused to be transferred by check approximately \$10,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to a female associate;

s. On or about October 23, 1996, defendant DANIEL BENSON caused to be transferred by check approximately \$15,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to Contessa Cosmetics;

t. On or about October 23, 1996, defendant DANIEL BENSON caused to be transferred by check approximately \$15,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to a third party builder;

u. On or about October 30, 1996, defendant DANIEL BENSON caused to be transferred by check approximately \$800,000 in investors’ funds from the “Lennox Investment Group, Ltd. Escrow Account” at First of America Bank to the Benson Financial Firststar Bank account;

v. On or about November 2, 1996, defendant DANIEL BENSON caused to be transferred by check approximately \$100,000 in funds originating from investors in the “Small Investment High-Yield Program” from the Benson Financial Firststar Bank account to the PBF First of America Bank account;

w. On or about November 7, 1996, defendant DANIEL BENSON caused to be transferred by check \$23,499.79 in funds originating from investors in the “Small Investment High-Yield Program” from the Benson Financial Firststar Bank account to a credit card company;

x. On or about November 19, 1996, defendant DANIEL BENSON caused to be transferred by check approximately \$200,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to Taggteam Productions LLC;

y. On or about December 19, 1996, defendant ROBERT PALADINO caused to be transferred by check approximately \$150,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to an individual third party;

z. On or about December 20, 1996, defendant ROBERT PALADINO caused to be transferred by check approximately \$10,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to Benson Enterprises;

aa. On or about December 20, 1996, defendant ROBERT PALADINO caused to be transferred by check approximately \$10,000 in funds originating from investors in the “Small



Investment High-Yield Program” from the PBF First of America Bank account to People’s Residential Mortgage;

bb. On or about December 23, 1996, defendant ROBERT PALADINO caused to be transferred by check approximately \$10,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to Contessa Helena Cosmetics;

cc. On or about January 10, 1997, defendant DANIEL BENSON caused to be transferred by check approximately \$930,000 in funds originating from investors in the “Small Investment High-Yield Program” from Benson Financial to PBF First of America Bank account;

dd. On or about January 15, 1997, defendant ROBERT PALADINO caused to be transferred by check approximately \$50,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to Long Neck Ranch;

ee. On or about February 10, 1997, defendant ROBERT PALADINO caused to be transferred by check approximately \$50,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to Long Neck Ranch;

ff. On or about February 11, 1997, defendant ROBERT PALADINO caused to be transferred by check approximately \$10,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to People’s Residential Mortgage;

gg. On or about February 14, 1997, defendant DANIEL BENSON caused to be transferred by check \$20,132.25 in funds originating from investors in the “Small Investment High-Yield Program” from the Benson Financial Firststar Bank account to a credit card company;

hh. On or about February 25, 1997, defendant ROBERT PALADINO caused to be transferred by check approximately \$12,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to Benson Financial in Titusville, Florida;

ii. On or about February 28, 1997, defendant ROBERT PALADINO caused to be transferred by check approximately \$10,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to Benson Enterprises;

jj. On or about February 28, 1997, defendant ROBERT PALADINO caused to be transferred by check approximately \$50,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to defendant DANIEL BENSON;

kk. On or about March 17, 1997, defendant ROBERT PALADINO caused to be transferred by check approximately \$15,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to People’s Residential Mortgage;

ll. On or about March 31, 1997, defendant ROBERT PALADINO caused to be transferred by check approximately \$20,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to Taggteam Productions LLC;

mm. On or about April 1, 1997, defendant ROBERT PALADINO caused to be transferred by check approximately \$10,000 in funds originating from investors in the “Small

Investment High-Yield Program” from the PBF First of America Bank account to Benson Enterprises;

nn. On or about April 1, 1997, defendant ROBERT PALADINO caused to be transferred by check approximately \$12,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to People’s Residential Mortgage;

oo. On or about April 11, 1997, defendant ROBERT PALADINO caused to be transferred by check approximately \$10,000 in funds originating from investors in the “Small Investment High-Yield Program” from the PBF First of America Bank account to Benson Financial;

pp. On or about November 24, 1997, defendant FRANK PEITZ caused to be wired approximately \$15,000 in funds originating from investors in the “Small Investment High-Yield Program” from the Mellon Bank to the Anglo-Irish Bank in Vienna, Austria;

qq. On or about February 23, 1998, defendant FRANK PEITZ caused to be wired approximately \$3,000 in funds originating from investors in the “Small Investment High-Yield Program” from the Mellon Bank to the Anglo-Irish Bank in Vienna, Austria;

All in violation of Title 18, United States Code, Section 1956(h).

## COUNT TEN

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. Paragraphs 1 through 8 of Count Nine of this indictment are realleged and reincorporated as though fully set forth herein.

2. On or about October 10, 1996, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK L. PEITZ,  
DANIEL B. BENSON,  
PETER A. LOUTOS, SR., and  
ROBERT D. PALADINO,

defendants herein, and others, knowingly engaged and attempted to engage in a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, the transfer by check of \$50,000 in funds originating from investors in the “Small Investment High Yield Program” from the Benson Financial Firststar Bank account to defendant PETER LOUTOS’ attorney trust account, such property having been derived from a specified unlawful activity, namely the use of wire communications in interstate and foreign commerce for the purpose of executing and attempting to execute a scheme to obtain money and property through the fraudulent sale of investments, in violation of Title 18, United States Code, Section 1343;

In violation of Title 18, United States Code, Sections 1957 and 2.

### **COUNT ELEVEN**

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. Paragraphs 1 through 8 of Count Nine of this indictment are realleged and reincorporated as though fully set forth herein.

2. On or about October 30, 1996, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK L. PEITZ,  
DANIEL B. BENSON,  
PETER A. LOUOTOS, SR., and  
ROBERT D. PALADINO,

defendants herein, and others, knowingly engaged and attempted to engage in a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, the transfer by check of \$800,000 in funds originating from investors in the “Small Investment High Yield Program” from the “Lennox Investment Group Ltd. Escrow Account” at the First of America Bank to the Benson Financial Firststar Bank account, such property having been derived from a specified unlawful activity, namely the use of wire communications in interstate and foreign commerce for the purpose of executing and attempting to execute a scheme to obtain money and property through the fraudulent sale of investments, in violation of Title 18, United States Code, Section 1343;

In violation of Title 18, United States Code, Sections 1957 and 2.

## **COUNT TWELVE**

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. Paragraphs 1 through 8 of Count Nine of this indictment are realleged and reincorporated as though fully set forth herein.

2. On or about November 2, 1996, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK L. PEITZ,  
DANIEL B. BENSON,  
PETER A. LOUOTOS, SR., and  
ROBERT D. PALADINO,

defendants herein, knowingly conducted and attempted to conduct a financial transaction, namely the transfer of \$100,000 by check in funds originating from investors in the "Small Investment High Yield Program" from the Benson Financial Firststar Bank account to the PBF First of America account, knowing that such funds were the proceeds of an unlawful activity, namely the use of wire communications in interstate and foreign commerce for the purpose of executing and attempting to execute a scheme to obtain money and property through the fraudulent sale of investments, in violation of Title 18, United States Code, Section 1343, and knowing the transaction was designed, in whole or in part, to conceal and disguise the nature, location, source, ownership and control of the proceeds of the unlawful activity;

In violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.

### **COUNT THIRTEEN**

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. Paragraphs 1 through 8 of Count Nine of this indictment are realleged and reincorporated as though fully set forth herein.

2. On or about November 19, 1996, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK L. PEITZ,  
DANIEL B. BENSON,  
PETER A. LOUTOS, SR., and  
ROBERT D. PALADINO,

defendants herein, and others, knowingly engaged and attempted to engage in a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, the transfer by check of \$200,000 in funds originating from investors in the "Small Investment High Yield Program" from the "Lennox Investment Group Ltd. Escrow Account" at the First of America Bank to the Benson Financial Firststar Bank account, such property having been derived from a specified unlawful activity, namely the use of wire communications in interstate and foreign commerce for the purpose of executing and attempting to execute a scheme to obtain money and property through the fraudulent sale of investments, in violation of Title 18, United States Code, Section 1343;

In violation of Title 18, United States Code, Sections 1957 and 2.

## **COUNT FOURTEEN**

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. Paragraphs 1 through 8 of Count Nine of this indictment are realleged and reincorporated as though fully set forth herein.
2. On or about December 19, 1996, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK L. PEITZ,  
DANIEL B. BENSON,  
PETER A. LOUTOS, SR., and  
ROBERT D. PALADINO,

defendants herein, and others, knowingly engaged and attempted to engage in a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, the transfer by check \$150,000 in funds originating from investors in the “Small Investment High Yield Program” from the PBF Capital First of America Bank account to an individual third party for the purchase of stock in the Long Neck Ranch, such property having been derived from a specified unlawful activity, namely the use of wire communications in interstate and foreign commerce for the purpose of executing and attempting to execute a scheme to obtain money and property through the fraudulent sale of investments, in violation of Title 18, United States Code, Section 1343;

In violation of Title 18, United States Code, Sections 1957 and 2.



### **COUNT FIFTEEN**

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. Paragraphs 1 through 8 of Count Nine of this indictment are realleged and reincorporated as though fully set forth herein.

2. On or about December 20, 1996, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK L. PEITZ,  
DANIEL B. BENSON,  
PETER A. LOUTOS, SR., and  
ROBERT D. PALADINO,

defendants herein, knowingly conducted and attempted to conduct a financial transaction, namely the transfer of \$10,000 by check in funds originating from investors in the “Small Investment High Yield Program” from the PBF First of America Bank account to People’s Residential Mortgage, knowing that such funds were the proceeds of an unlawful activity, namely the use of wire communications in interstate and foreign commerce for the purpose of executing and attempting to execute a scheme to obtain money and property through the fraudulent sale of investments, in violation of Title 18, United States Code, Section 1343, and knowing the transaction was designed, in whole or in part, to conceal and disguise the nature, location, source, ownership and control of the proceeds of the unlawful activity;

In violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.

**COUNT SIXTEEN**

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. Paragraphs 1 through 8 of Count Nine of this indictment are realleged and reincorporated as though fully set forth herein.

2. On or about January 10, 1997, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK L. PEITZ,  
DANIEL B. BENSON,  
PETER A. LOUTOS, SR., and  
ROBERT D. PALADINO,

defendants herein, and others, knowingly engaged and attempted to engage in a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, the transfer by check \$930,000 in funds originating from investors in the "Small Investment High Yield Program" from the Benson Financial account at Firststar Bank to PBF Capital Group, Inc., such property having been derived from a specified unlawful activity, namely the use of wire communications in interstate and foreign commerce for the purpose of executing and attempting to execute a scheme to obtain money and property through the fraudulent sale of investments, in violation of Title 18, United States Code, Section 1343;

In violation of Title 18, United States Code, Sections 1957 and 2.

A TRUE BILL

\_\_\_\_\_  
FOREPERSON

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UNITED STATES ATTORNEY